ASSEMBLY STANDING COMMITTEE
COMMITTEE OF THE WHOLE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
MINUTES

June 27, 2016, 6:00 PM.
Municipal Building - Assembly Chambers

Assembly Work Session - No Public Testimony

I. ROLL CALL

Deputy Mayor Jesse Kiehl called the meeting to order at 6:00 p.m. in the Assembly Chambers.

Assemblymembers Present: Mary Becker, Jamie Bursell, Maria Gladziszewski, Loren Jones, Jesse Kiehl, Ken Koelsch, Jerry Nankervis (telephonic), Kate Troll and Debbie White.

Assemblymembers Absent: None.

Staff present: Rorie Watt, City Manager; Amy Mead, Municipal Attorney, Mila Cosgrove, Deputy City Manager; Laurie Sica, Municipal Clerk; Kirk Duncan, Parks and Recreation Director; Dallas Hargrave, HRRM Director; Clinton Singletary, Sales Tax Administrator; Chuck Bill, BRH CEO; Sally Schneider, BRH Chief Behavioral Officer.

II. APPROVAL OF AGENDA

Hearing no objection, the agenda was approved as presented.

III. APPROVAL OF MINUTES

A. June 21, 2016 Committee of the Whole Minutes

Hearing no objection, the minutes of the June 21, 2016 Committee of the Whole meeting were approved.

IV. AGENDA TOPICS

A. Process Discussion regarding Manager and Attorney Evaluations

Mayor Koelsch said the City Manager's annual evaluation was due April 17, 2017. Hearing no objection from the Assembly, Mayor Koelsch and Deputy Mayor Kiehl will outline a process for the Assembly to review.

Mayor Koelsch said that the City Attorney's annual evaluation was due, and by Friday, July 1, Ms. Mead will provide a report on the goals set out for her office for the Assembly. Using that information, the Assembly can look at last year's goals, the achievements towards those goals and any new information, and be ready for a discussion at the July 11, 2016 regular Assembly meeting in an executive session. Mayor Koelsch said that he did not believe a "360 review," coordinated by the HRRM Department, was needed each year. The Assembly was generally supportive of this plan.

B. Child and Adolescent Mental Health Unit (CAMHU) Update

Sally Schneider, Chuck Bill and Mark Johnson, Chair of the AdHoc CAMHU committee from the Bartlett Regional Hospital (BRH) Board were present to speak to the Assembly. In addition BRH

Board President Nancy Davis and Board members Brenda Knapp, Bob Storer and Linda Thomas were present.

Chuck Bill said significant progress had been made on this topic since the Board's last visit with the Assembly. In 2004, the BRH board brought in consultants to look at a focused child and adolescent mental health unit, and the first report was prepared in 2005 by the Diamond Group. The second report was prepared in 2009. The community surveys done on an annual basis consistently supported the need for service in this area. In 2012, CBJ voted support for such a facility in the 1% sales tax. The McDowell Group, in 2015, did a gap and needs analysis for the Southeast Alaska area, which was followed up in 2016 by Moss Adams doing a feasibility study. Through that effort it became obvious that an acute care in-patient hospital bed unit was not financially feasible from a volume standpoint, but it also brought our attention to an alternative model of care that is a level 5 residential treatment unit that Ms. Schneider would outline in a presentation for the Assembly.

Mark Johnson spoke about his work for the past two years as chair of the AdHoc CAMHU Committee for the BRH board. There has been a lot of research and meetings with people at the state level and the result has been a slight change in focus, but the plan before the Board now is the appropriate approach.

Sally Schneider spoke about clinical options for a psychiatric residential treatment center. This care modality has crisis stabilization beds attached so that the great majority of children who visit BRH for interventions and trauma, that have issues within the school system and those picked up by law enforcement can have their needs met within the facility. The average length of stay can be 3 - 6 months and then the crisis stabilization beds average length of stay are 7 - 10 days. Alaska has close to 150 children in out of state placement now and there are currently 85 beds in Alaska, none of which are in Southeast Alaska. The State of Alaska Dept. of Health and Social Services has a website called Qualis that inventories the beds and services offered within and outside of Alaska. She spoke about the Adverse Childhood Experiences Survey (ACES), a screening tool for individuals and suicide statistics. She said at a treatment center, individuals are evaluated by a psychiatrist and provided psychological treatments, activities, therapies and children are taught good interaction and life skills in a stabilized home-like environment. The goal is to get children back to home and school as soon as possible. Children with suicidal thoughts, drugs and alcohol, trauma exposed children, developmental disabilities, sexual acting out, aggressive acting out from ages 4 - 17 are the target population. They work with the juvenile justice system. It is different than a hospital setting and spoke about the environment and activities. They are looking at a 28 bed facility with crisis stabilization beds. Who runs the program is a variable and Bartlett would contract these services out yet remain connected through services including a management fee and providing physicians. She said that in choosing a partner contractor, it would be important to have a no eject/no reject policy. Their next steps are to continue the feasibility study and assess the operation variables, solicit letters of interest from interested partners, evaluate land and facility options and obtain a certificate of need. They have seen some promising numbers and will report back to the Assembly in September. The earlier the intervention, the more likely there will be good outcomes for children.

Ms. Becker asked about 28 beds, would there be a breakdown from Juneau, the rest of southeast. Ms. Schneider said 4 crisis stabilization beds would be for Juneau and about 14 beds from the total would be for Juneau.

Ms. Troll asked about how many children had been sent out of state and of those, how many were from Southeast. Ms. Schneider said she was not sure but about 5 children a month are referred to Anchorage. Ms. Troll would like to see data on the need in Juneau and Southeast. Ms. Troll asked about the facility and Mr. Bill said there was not room now on the hospital campus so he was working with the city manager on option. Ms. Troll asked if there was an issue due to the facility being different that was described on the ballot and Ms. Mead said no, the ballot language is only intent language, not binding, and the Assembly was not precluded from spending the funds as they became available for any project.

Mayor Koelsch asked what happened on the project in 2012 - 2015 regarding moving the project forward. Nancy Davis, Board President, said that in 2012, BRH left Quorum management and began to become more of a CBJ facility with CBJ employees and there was a period of stabilization of the hospital leadership and ensuring that the hospital functions were functioning well. This project had to be put on hold. We didn't have strong confidence in the Diamond study that was done earlier and we needed to update the information and come up with the best plan for the community. She said the CAMHU committee has worked full bore since Mr. Johnson started and she believes this is a better plan.

Mayor Koelsch asked for a timeline and Ms. Schneider said she thought within three months they could have letters of interest solicited and be ready to move ahead very quickly.

Mr. Jones asked how such a facility would relate to services offered at Juneau Youth Services. Ms. Schneider said this facility would offer more intense therapy at a higher leven than JYS and explained the levels of care. Mr. Jones said he would like to see more hard numbers regarding facility construction and operating expenses.

Ms. Gladziszewski asked for more information on how children would be referred to this facility, what need it filled and who it would help.Ms. Schneider said that there were 31 bed days in April with teenagers that were suicidal that had to wait on the med-surg floor to get beds in other facilities outside of Southeast that could not be treated in the adult psychiatrict unit. They come from the emergency room, through law enforcement interventions and several of the school counselors would like a facility to refer students.

Mr. Jones asked about the definitions for diagnosis that varied between the Department of Education, Department of Health and Social Services, and medicaid regarding admission in order to pay for care. Ms. Schneider explained the difference between crisis intervention and level five treatment and a psychiatric diagnosis is required for admission - these were complicated admissions. Mr. Jones asked if BRH was working with the schools regarding potential patients continuing their education. Ms. Schneider said yes, they would contract with the local school district and any patient from outside of Juneau would work with their school district. Mr. Powers said the stakeholder work group included the school district.

Ms. White spoke to the need for the program and questioned if 28 beds were enough. She appreciated the work on this effort.

Mr. Kiehl asked about the cost of the facility and funding sources. Mr. Bill said he estimated a cost of $850 per square foot of facility and with $5 million set aside by BRH and $4 million in sales tax they did not see a need to go to the Mental Health Trust for funding. Land was a key component and BRH thought they could finance the vast majority off the facility with existing funds. Mr. Kiehl asked about the ability to staff the facility and Ms. Schneider was confident that it would be easy to recruit staff.

Ms. Troll thanked the BRH Board for reanalyzing the project, taking a different approach in order to fill the needs in the community and said it was important to ensure the right sized facility for Juneau and Southeast.

Mr. Kiehl thanked BRH for its presentation.

C. **Aquatics Board Update**

Max Mertz, Aquatics Board Chair, was present to speak for the Board and he referred to the annual report in the packet. Other board members present included Greg Williams and Tom Rutecki, and he thanked Pat Watt for her work on writing the annual report. He said the board has a good relationship with the management - Kirk Duncan has a great skill set in developing a client service based approach. Julie Jackson is going in the right direction with staff. They have a long to do list, which is broken up by operations and governance. The pools desperately need better marketing. The new rate policy was well received. They are up 38% on revenue. They will need a few more years to understand if they are headed in the right direction. DPAC was built for food service and they have attempted to get a vendor in there. There is a grant from the Gaguine Foundation to give away passes to disadvantaged children and 100 out of 150 passes have been given out. There will soon be a family day at the pool. Corporate use for employees is another area to develop. The rate policy will be reviewed and they are monitoring the financial results and looking at the proper staffing levels. They appreciate the support from the Assembly.

Mr. Jones said he appreciated the full cost allocation and maintenance costs and he asked about future CIP costs - what are the plans to work with engineering to evaluate the needs list. Mr. Mertz said he has reviewed the Jensen Yorba Lott report about the actual needs for the facilities and we are looking at a future CIP as a potential source of money. We need to protect our assets.

Ms. Becker said the board's report was very interesting and thorough, and the effort to combine the two pools as one unit and having passes work at both pools was a good idea. Mr. Mertz said the single pass adds value.

Mayor Koelsch asked about the actual sales figures predicted in the report. Mr. Mertz said they were anticipating ticket sales of annual passes, and hoping for growth in those sales. Mayor Koelsch asked if it was a realistic goal and Mr. Mertz said it was achievable with work. Mr. Watt said that staff would be closely monitoring expenditures with revenues and Mr. Duncan was working to get cost reporting to ensure a close harmony with revenues and expenditures.
Ms. Troll said the board could be applauded for the level of progress that had been made and thanked the board. Pools are never self-sustaining and asked if getting to 50% cost recovery was attainable. Mr. Mertz said that cost recovery was based on direct revenue and direct expenses. They can't control some of the overhead costs, but they can control direct revenue and direct expenses and that was the way it has been judged. 50% is achievable but there has to be continued work and it will change the way the pools operate.

Ms. Troll asked about facility rentals. Mr. Duncan said this has been a growth area. Mr. Mertz said the hybrid board has been working well due to Mr. Duncan's abilities. It is to be determined if you had a different person in that position and it should be evaluated in two years at the board's sunset review.

Ms. Becker asked about direct sales of equipment. Mr. Mertz said there is a small supply for sale. He has thought about what additional offerings on the dry land side of the pool that would not go into competition with other facilities in the area, they will continue to look.

Mr. Kiehl thanked Mr. Mertz and the board members for their work and said it all looks to be going well.

D. **Sales Tax on Food**

Mr. Watt said that two ordinances, one to extend 3% sales tax and one to make the 3% sales tax permanent, had been introduced and forwarded to the Assembly and a side discussion had asked for more information on exempting sales tax on food. The Finance Department provided a memo in the packet that answered some of the questions and Mr. Singletary was present to answer any questions.

Ms. Gladziszewski asked about the assumptions on consumption and what data was used for the response. Mr. Watt said that when vendors provide information, we don't get a clear picture, with the exception of those selling only food. We don't have the systems in place in the stores to audit this.

In response to a question from Ms. Gladziszewski about the accuracy of the numbers in his report, Mr. Singletary explained the difficulty of getting accurate information.Three stores had specific splits for food and non-food items and with the other stores with no split they went with a high percent of their sales as groceries. He said there was still not a clear definition of food, the numbers provided in the memo were a conservative assumption. Ms. Gladziszewski asked how sure Mr. Singletary was that a tax rate of 5.7% on other goods would make up for a loss of revenue if sales tax were removed from food sales and he said he was not very sure at all.

Ms. White said she understood the Assembly had sent staff on a "mission impossible." There is no way to get good numbers. He agreed.

Ms. Becker asked about stores still requiring food and non-food sales to be separated. There is one major store that has still not separated sales and she would be surprised if they ever would even though the Assembly was told they would be ready.

Ms. Troll asked about a fractional rate of sales tax and Mr Singletary said it was possible to program into a store's point of sale system, however, for cash sales it was generally easier to make transactions with whole numbers. Mr. Watt said fractional sales taxes are done and programmed into the computers - it falls apart on cash sales and there it can be confusing and annoying. It is not easy to describe to the public in a way that gives them confidence.

Mr. Troll asked about offsetting the cost for some stores in requiring them to change their point of sale system and Mr. Watt said that would be a slippery slope and applying it unequally could get out of control. It would not be a public purpose and it could be unconstitutional according to Ms. Mead.

Ms. Bursell asked if the food data included cooked and prepared food Mr. Singletary said no.

Mr. Kiehl asked if the research included studies about whether changes to the rate affected demand. Mr. Singletary said he did not do that type of research.

Mayor Kiehl asked how the SNAP program was calculated into the evaluation and Mr. Singletary said SNAP items were already exempt so were not a factor.

The Assembly held a general discussion on the issue of separating food and non-food items at the point of sale.

Ms. White said she was not comfortable with any more drastic changes and said that the 3% sales tax could be at risk on the ballot if the matter was presented the wrong way. She understood the principle but we are rolling the dice without understanding the repercussions of our decision.

Ms. Troll said that there is a greater principle at stake - the taxing of food is regressive - and we have a large number of residents that struggle to make ends meet. There is resistance to change, and if we took it off food for everyone it might make it easier. The seniors still benefit by not tinkering with the exemptions. I would still support putting a 6% sales tax with food sales exempted on the ballot and make it known our intent is to make it revenue neutral.

Ms. Gladziszewski said after seeing the uncertainty in the numbers, she supported the program suggested by the Chamber of Commerce in the past of a 6% sales tax with food sales exempted for everyone. I think our citizens can figure this out. She supported putting this question on the ballot.

Ms. Becker said this change would make a big difference to seniors - it helps everyone else but now seniors have to go from a 5% - 6% tax.

Ms. Bursell said the changes to the taxes were difficult for the seniors and this proposal at 6% would be difficult and they would wonder why that demographic was being targeted the most. She was not in favor of the change and was not sure if the Chamber of Commerce was still in favor of the change due to the changes to the taxes last year.

Ms. Troll said this was only to ask the citizens the question on the ballot. She was willing to let the voters decide if this is too much of a shift for them. We are not making the decision for the community but putting this on the ballot.

Ms. Mead said she needed more information about how to formulate the question for the ballot and the ballot questions can not conflict.

Mayor Koehl said one of the main goals of the Economic Plan was to support the senior economy - this does not support the senior economy. They are paying sales tax on a growing list of items that they did not used to pay taxes on. He does not want to put a 6% tax on the ballot. We are going to have to be very careful to get the 3% tax from the voters. If they are angry or confused they will vote against everything. He reminded the Assembly of the ballot question regarding adding an additional 3% sales tax to marijuana.

Mr. Keihl suggested a question, "shall the the permanent sales tax be increased to 2% in order to remove sales tax on all grocery sales in the borough." Ms. Mead said that could work.

Mr. Troll said Mayor Koelsch made a good point about the complicated ballot and asked if 2017 had a sales tax question. Ms. Mead said yes, the temporary 1% tax would be on the ballot.

Mr. Watt suggested that if there was a question to raise the permanent tax from 1% to 2% on the ballot at the same time as an extension of the 3% sales tax he would not recommend adding the question about the permanent nature of the 3% tax. Even though there are good policy goals, now would not be the time to ask too many questions.

Mr. Kiehl spoke about the importance of lowering the grocery bill for the poor in the community.

<u>MOTION</u>, by Gladziszewski, to draft a ballot question that would change the 1% permanent sales tax to a 2% rate with the intention of exempting the tax on food.

Following further discussion, roll call:
Aye: Gladziszewski, Kiehl, Troll
Nay: Becker, Bursell, Jones, Nankervis, White, Koelsch.
Motion failed, 3 ayes, 6 nays.

E. **Informational Item - DRAFT Energy Plan**

Mr. Watt said that the plan was being introduced to the Assembly and would appear on its July 25 Committee of the Whole agenda for further discussion. Ms. Troll asked about community workshops on the plan and Mr. Watt said that he had asked CBJ staff to work with the Juneau Commission on Sustainability on a plan. There will be a lot of community interest in this topic.

V. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Mr. Jones reminded the Assemblymember of the full Assembly sitting as the Human Resources Committee on Wed., June 29 at 5 p.m. for interviewing candidates for the Eaglecrest Board.

Ms. Gladziszewski said she asked the Clerk about the Assembly Committee and Liaison assignment sheet being out of date on the website and was provided with an updated assignment sheet for Assembly review. She asked about appointment of a fourth member for the Human Resources Committee and Ms. Becker volunteered, making her the first Assemblymember to serve on every Assembly standing committee in recent years. Mayor Koelsch thanked Ms. Becker for her service.

VI. ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at: 8:11 p.m.

Submitted by Laurie Sica, Municipal Clerk